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REPORT OF THE,, COMMITTEE ON INDIAN AFFAIRS,,
TO THE
U.S. COMMISSION ON ORGANIZATION OF THE EXECUTIVE
" BRANCH OF THE GOVERNMENT,

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October, 1948

The economic program is based upon a group of activities, among which the following are important: an agricultural extension service, established in 1931, which also administers or supervises lending of both government and tribal funds, a range and forest management staff which is responsible for the proper use and protection of range and forest lands and for conservation of fish and wildlife, systematic soil and moisture conservation projects in some of the most badly eroded areas, an Indian irrigation service, and an arts and crafts program (which is administered in the field by school personnel).⁴³

The health and medical program is a most important adjunct to both educational and economic objectives. From the Indian point of view, as with other citizens, of course, good health and adequate medical attention represent important ends in themselves. Looking after the health of an educationally backward people of substandard income who are scattered over wide areas of rough country is no small problem. This is done by Indian Service public health field nurses, physicians, and 74 hospitals,⁴⁴ and through contracts with individuals, private hospitals, and state and local authorities for similar services.

The leasing, exchange, and sale of Indian owned lands, in trust status, involve a very large amount of clerical work. The Indian Service is not only a land office recording all changes of ownership, it is also a trustee whose approval is required for most transactions affecting trust lands.⁴⁵ The seven million acres of

trust lands in "heirship status" (many heirs of an original allottee have fractional interests in the allotment) complicate this problem. For these lands an account must be kept of the amount due each heir from the earnings. Where ownership is badly divided the Indian Service also must be an active agent and negotiate the leases. Until July 1, 1947, it not only approved but also negotiated all leases, except for certain Indians who had been determined to be competent to make their own leases. Income received from trust property is restricted; the local superintendent generally has had custody of these funds and must approve their withdrawal by the owner, whether it be an individual or a tribe. Since June 15, 1947, superintendents have been directed to close out accounts of less than \$100 and in some cases those of less than \$500.⁴⁶

An indispensable auxiliary function is the construction and maintenance of roads on Indian reservations. School busses would not run, the sick would not reach the hospitals, and the modernization of economic life would stop without roads. Nothing can be taken for granted in Indian affairs. The Indian Service is maintaining more than 20,000 miles of roads, and more roads are believed to be needed.⁴⁷ An auxiliary function which has not been stressed is the welfare program. There is a little case work, but almost no group work. Direct relief has been so limited in recent years that many of the needy have been taken care of largely by friends and relatives who are not much better off themselves.⁴⁸

Other Federal Agencies

Other Federal agencies, in addition to the Bureau of Indian Affairs, are also concerned with Indians. Social security benefits are available for Indian aged, blind, and dependent children.⁴⁹ The United States Treasury is a depository for certain tribal funds and pays interest on them as provided by treaty or by general or special law.⁵⁰ The Department of Justice aids in the apprehension and prosecution of persons suspected of having committed certain felonies on Indian lands which are still in restricted or trust status.⁵¹ The soil conservation program on Indian lands is a part of the broad conservation program in which both the Departments of Agriculture and Interior participate.⁵² Indians have occasionally received financial assistance from the Farm Security Administration (now the Farmers Home Administration), but they do not receive such assistance if they are eligible for loans from the Indian Service. Certain key positions in the medical service of the Indian Bureau are filled by detailing officers of the Public Health Service, the Bureau of Indian Affairs paying the salaries and expenses of these officers. St. Elizabeth's Hospital in Washington, D. C. takes care of Indian mental patients. The Veterans Administration performs services for Indian veterans, and other Federal agencies can provide general information or assistance to Indians as for all other citizens.

State and Local Authorities

State and local authorities are playing an increasing role in Indian affairs. Some examples may be helpful. In the field of

Vigor in dealing with the problem is essential to get these lands back into use by Indian owners and to get rid of a tedious and expensive bookkeeping problem which has absorbed too large a portion of the energies of the Indian Service.

Careful calculation of the amounts needed to clear up this problem should be a part of the program prepared in each area. The government should eventually recover every dollar advanced for this purpose. The land itself is security for individual loans, and if one borrower fails to make good on his loan, there are other Indians who will be glad of the chance to take over the land and the obligation. Interest rates on these loans should be kept as low as possible.

Capital Funds

Indian communities like pioneer and undeveloped communities from the beginning of time are conscious of their need for capital. Indian land owners today are echoing the hungry cry of western farmers for credit that has been so characteristic of earlier periods of American history. They have undeveloped resources, and they have labor. To get into production on a profitable scale they need credit and capital for many purposes.

Considering the regional differences in the United States and Alaska the needs are varied. They include the purchase of breeding stock, agricultural machinery, land, boats, and fishing equipment;

the construction of buildings, the digging of wells; and the provision of working capital for cooperatives. Because of the trust status of his land, the Indian cannot borrow through normal channels,⁸⁹ and in the isolated areas in which many Indians live there are neither credit facilities, nor lenders who know them well enough to sort the good risks from the bad. Traders frequently supply consumer credit, but they cannot be expected to finance production.

Capital for Indian enterprise has come from Federal funds administered by the Bureau of Indian Affairs and from tribal funds. There have been small annual appropriations for loans to Indian borrowers since 1914. The lending was entirely in the hands of the Indian Service; the expenditure of the funds was also supervised in detail so that the Indian borrower had very little discretion in the transaction.

The Indian Reorganization Act of 1934 authorized a \$10,000,000 revolving fund for the benefit of tribes organizing under the act;⁹⁰ this fund was subsequently increased to \$12,000,000 and made available to the natives of Alaska,⁹¹ and to Indians in Oklahoma who had been exempted from the IRA.⁹² In 1943 unorganized tribes were also made eligible for loans from the revolving credit fund,⁹³ and legislation in 1948 removed the limitation of amount available for unorganized tribes. Appropriations to this fund have amounted to \$5,323,400; no appropriations have been made in recent years.

Tribal funds, although still smaller in amount, have been used

to supplement credit from the revolving fund. As of June 30, 1947 Indian tribes and corporations were using \$1,238,060.92 of their own funds to provide credit. Loans made during 1947 totaled \$1,818,786 from the revolving fund and \$318,532 from tribal funds.⁹⁴

Since 1937 the policy has been to put as much responsibility as possible upon the borrower for the administration of the loans. The Government has turned over to tribal authorities increasing responsibility for loans to individuals. All loans to individuals require the approval of tribal authorities, and certain tribes are authorized to make loans up to specified amounts without Indian Service approval. A number of tribes have such authority for loans of not more than \$500, and two tribes may make loans up to \$2,000. The revolving fund is being used increasingly to provide funds for relending by tribal credit enterprises to individuals. As of June 30, 1947, funds advanced to borrowers from the revolving fund since its beginning totaled approximately:⁹⁵

Corporations and tribes	\$7,058,956.
Credit Associations	1,184,500.
Cooperatives (direct)	150,550.
Individuals	931,168.

In addition some \$35,534 had been advanced in educational loans to individuals.

Loans to tribes are ordinarily made at one percent interest and to cooperatives and individuals at three percent. Tribal loans to individuals and cooperatives also are usually made at three percent.